

TITLE II—PERMANENT EDUCATION TAX RELIEF

SEC. 201. REPEAL OF SUNSET ON EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to section 401 of such Act (relating to modifications to education individual retirement accounts).

SEC. 202. REPEAL OF SUNSET ON EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to section 411 of such Act (relating to extension of exclusion for employer-provided educational assistance).

SEC. 203. REPEAL OF SUNSET ON STUDENT LOAN INTEREST DEDUCTION.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to section 412 of such Act (relating to elimination of 60-month limit and increase in income limitation on student loan interest deduction).

SEC. 204. REPEAL OF SUNSET ON EXCLUSION OF CERTAIN SCHOLARSHIPS.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to section 413 of such Act (relating to exclusion of certain amounts received under the National Health Service Corps Scholarship Program and the F. Edward Hebert Armed Forces Health Professions Scholarship and Financial Assistance Program).

SEC. 205. REPEAL OF SUNSET ON ARBITRAGE REBATE EXCEPTION FOR GOVERNMENTAL BONDS.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to section 421 of such Act (relating to additional increase in arbitrage rebate exception for governmental bonds used to finance educational facilities).

SEC. 206. REPEAL OF SUNSET ON TREATMENT OF QUALIFIED PUBLIC EDUCATIONAL FACILITY BONDS.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset of provisions of such Act) shall not apply to section 422 of such Act (relating to treatment of qualified public educational facility bonds as exempt facility bonds).

SEC. 207. REPEAL OF SUNSET ON AMERICAN OPPORTUNITY TAX CREDIT.

(a) PERMANENT EXTENSION OF CREDIT.—Section 25A is amended—

(1) by striking “\$1,000” each place it appears in subsection (b)(1) and inserting “\$2,000”;

(2) by striking “50 percent” in subsection (b)(1)(B) and inserting “25 percent”;

(3) by striking “2 TAXABLE YEARS” in the heading of subparagraph (A) of subsection (b)(2) and inserting “4 TAXABLE YEARS”;

(4) by striking “2 prior taxable years” in subsection (b)(2)(A) and inserting “4 prior taxable years”;

(5) by striking “2 YEARS” in the heading of subparagraph (C) of subsection (b)(2) and inserting “4 YEARS”;

(6) by striking “first 2 years” in subsection (b)(2)(C) and inserting “first 4 years”;

(7) by striking “tuition and fees” in subparagraph (A) of subsection (f)(1) and inserting “tuition, fees, and course materials”;

(8) by striking paragraphs (1) and (2) of subsection (d) and inserting the following new paragraphs:

“(1) AMERICAN OPPORTUNITY CREDIT.—The amount which would (but for this paragraph) be taken into account under paragraph (1) of

subsection (a) for the taxable year shall be reduced (but not below zero) by the amount which bears the same ratio to the amount which would be so taken into account as—

“(A) the excess of—

“(i) the taxpayer’s modified adjusted gross income for such taxable year, over

“(ii) \$80,000 (\$160,000 in the case of a joint return), bears to

“(B) \$10,000 (\$20,000 in the case of a joint return).”

“(2) LIFETIME LEARNING CREDIT.—The amount which would (but for this paragraph) be taken into account under paragraph (2) of subsection (a) for the taxable year shall be reduced (but not below zero) by the amount which bears the same ratio to the amount which would be so taken into account as—

“(A) the excess of—

“(i) the taxpayer’s modified adjusted gross income for such taxable year, over

“(ii) \$40,000 (\$80,000 in the case of a joint return), bears to

“(B) \$10,000 (\$20,000 in the case of a joint return).”

(9) by striking “DOLLAR LIMITATION ON AMOUNT OF CREDIT” in the heading of paragraph (1) of subsection (h) and inserting “AMERICAN OPPORTUNITY CREDIT”;

(10) by striking “2001” in subsection (h)(1)(A) and inserting “2011”;

(11) by striking “the \$1,000 amounts under subsection (b)(1)” in subsection (h)(1)(A) and inserting “the dollar amounts under subsections (b)(1) and (d)(1)”;

(12) by striking “calendar year 2000” in subsection (h)(1)(A)(ii) and inserting “calendar year 2010”;

(13) by striking “If any amount” and all that follows in subparagraph (B) of subsection (h)(1) and inserting “If any amount under subsection (b)(1) as adjusted under subparagraph (A) is not a multiple of \$100, such amount shall be rounded to the next lowest multiple of \$100. If any amount under subsection (d)(1) as adjusted under subparagraph (A) is not a multiple of \$1,000, such amount shall be rounded to the next lowest multiple of \$1,000.”;

(14) by inserting “OF LIFETIME LEARNING CREDIT” after “INCOME LIMITS” in the heading of paragraph (2) of subsection (h);

(15) by adding at the end of subsection (b) the following new paragraphs:

“(4) CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX.—In the case of a taxable year to which section 26(a)(2) does not apply, so much of the credit allowed under subsection (a) as is attributable to the American Opportunity Credit shall not exceed the excess of—

“(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

“(B) the sum of the credits allowable under this subpart (other than this subsection and sections 25D, 30, 30B, and 30D) and section 27 for the taxable year.

Any reference in this section or section 24, 25, 25B, 26, 904, or 1400C to a credit allowable under this subsection shall be treated as a reference to so much of the credit allowable under subsection (a) as is attributable to the American Opportunity Credit.

“(5) PORTION OF CREDIT MADE REFUNDABLE.—40 percent of so much of the credit allowed under subsection (a) as is attributable to the American Opportunity Credit (determined after the application of subsection (d)(1) and without regard to this paragraph and section 26(a)(2) or paragraph (4), as the case may be) shall be treated as a credit allowable under subpart C (and not allowed under subsection (a)). The preceding sentence shall not apply to any taxpayer for any taxable year if such taxpayer is a child to whom subsection (g) of section 1 applies for such taxable year.”; and

(16) by striking subsection (i) and redesignating subsection (j) as subsection (i).

(b) HOPE SCHOLARSHIP CREDIT RENAMED AMERICAN OPPORTUNITY CREDIT.—

(1) IN GENERAL.—Section 25A, as amended by subsection (a), is amended by striking “Hope Scholarship” each place it appears in the text and in the headings and inserting “American Opportunity”.

(2) CONFORMING AMENDMENTS.—

(A) The heading for section 25A is amended by striking “HOPE” and inserting “AMERICAN OPPORTUNITY”.

(B) The heading for clause (v) of section 529(c)(3)(B) is amended by striking “HOPE” and inserting “AMERICAN OPPORTUNITY”.

(C) The heading for subparagraph (C) of section 530(d)(2) is amended by striking “HOPE” and inserting “AMERICAN OPPORTUNITY”.

(D) The table of sections for subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by striking “Hope” and inserting “American Opportunity”.

(c) CONFORMING AMENDMENTS.—

(1) Section 24(b)(3)(B) is amended by striking “25A(i)” and inserting “25A(b)”.

(2) Section 25(e)(1)(C)(ii) is amended by striking “25A(i)” and inserting “25A(b)”.

(3) Section 26(a)(1) is amended by striking “25A(i)” and inserting “25A(b)”.

(4) Section 25B(g)(2) is amended by striking “25A(i)” and inserting “25A(b)”.

(5) Section 904(i) is amended by striking “25A(i)” and inserting “25A(b)”.

(6) Section 1400C(d)(2) is amended by striking “25A(i)” and inserting “25A(b)”.

(7) Section 6211(b)(4)(A) is amended by striking “25A by reason of subsection (i)(6) thereof” and inserting “25A by reason of subsection (b)(5) thereof”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2010.

(e) TREATMENT OF POSSESSIONS.—Section 1004(c)(1) of the American Recovery and Reinvestment Tax Act of 2009 is amended by striking “in 2009 and 2010” each place it appears and inserting “after 2008”.

SEC. 208. REPEAL OF SUNSET ON ALLOWANCE OF COMPUTER TECHNOLOGY AND EQUIPMENT AS A QUALIFIED HIGHER EDUCATION EXPENSE FOR SECTION 529 ACCOUNTS.

(a) IN GENERAL.—Clause (iii) of section 529(e)(3)(A) is amended by striking “in 2009 or 2010”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to expenses paid or incurred after December 31, 2010.

TITLE III—PERMANENT ESTATE TAX RELIEF

SEC. 301. REPEAL OF EGTRRA SUNSET.

Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to title V of such Act.

SEC. 302. REINSTATEMENT OF ESTATE TAX; REPEAL OF CARRYOVER BASIS.

(a) IN GENERAL.—Each provision of law amended by subtitle A or E of title V of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended to read as such provision would read if such subtitle had never been enacted.

(b) CONFORMING AMENDMENT.—On and after the date of the introduction of this Act, paragraph (1) of section 2505(a) of the Internal Revenue Code of 1986 is amended to read as if such paragraph would read if section 521(b)(2) of the Economic Growth and Tax Relief Reconciliation Act of 2001 had never been enacted.

(c) SPECIAL ELECTION WITH RESPECT TO ESTATES OF DECEDENTS DYING BEFORE DATE OF ENACTMENT.—Notwithstanding subsection (a), in the case of an estate of a decedent